

Ivex Packaging Corporation

2001 Annual Report

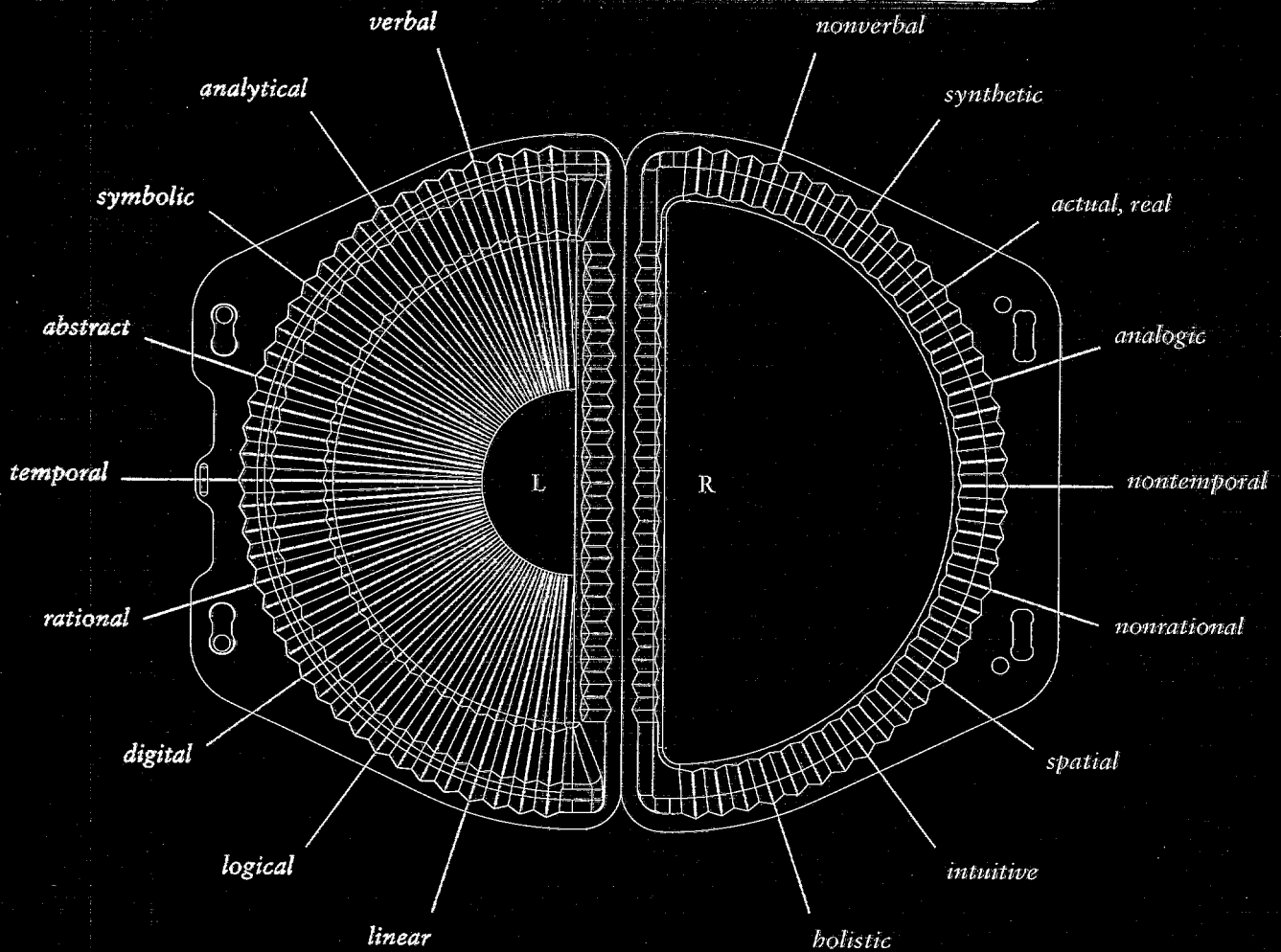


02029002

ALS
R.C.
12/31/01

RECEIVED S.E.C.

MAR 29 2002



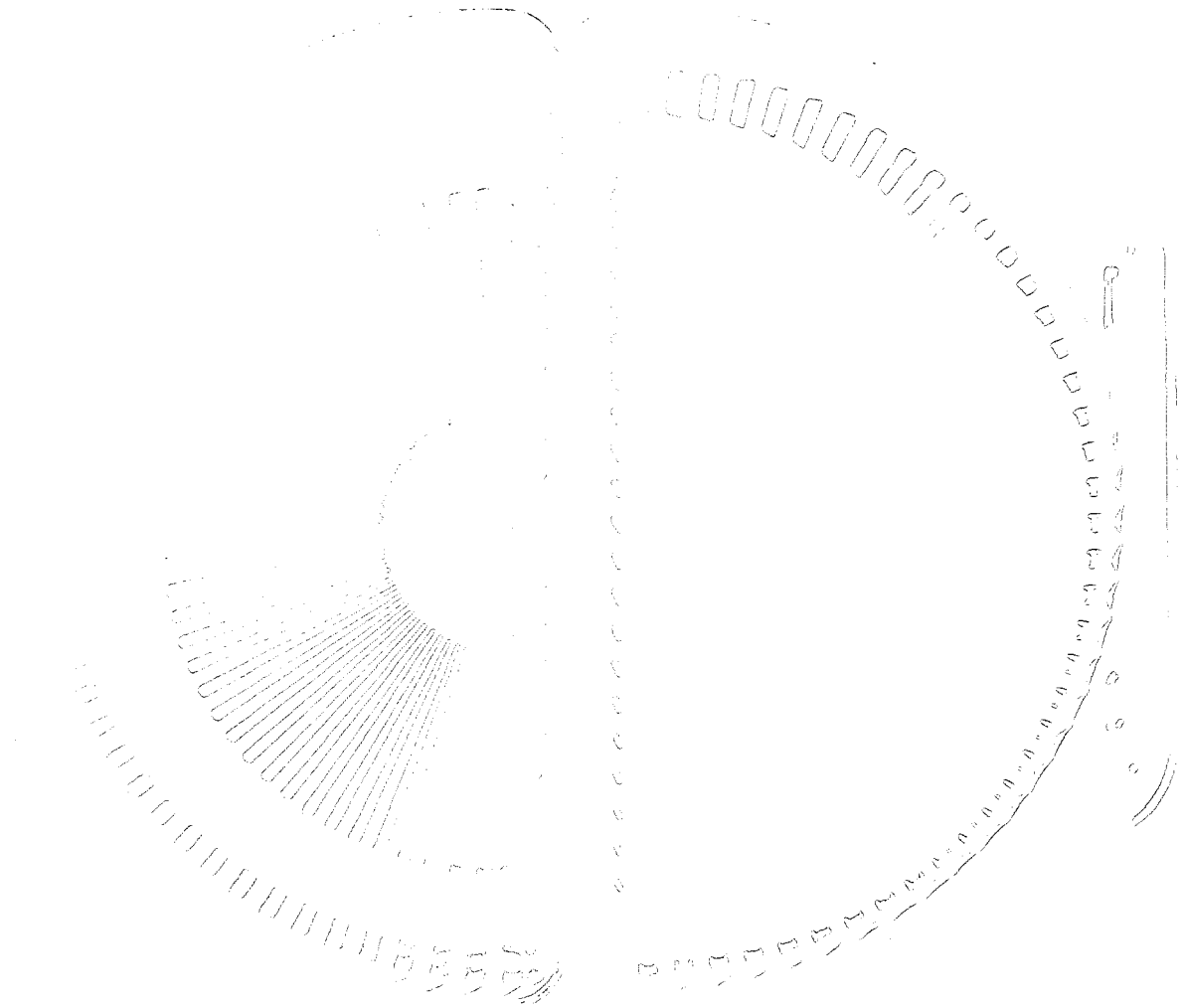
PROCESSED

APR 03 2002

THOMSON
FINANCIAL

The complete brain has the unique
ability to think from two different perspectives.

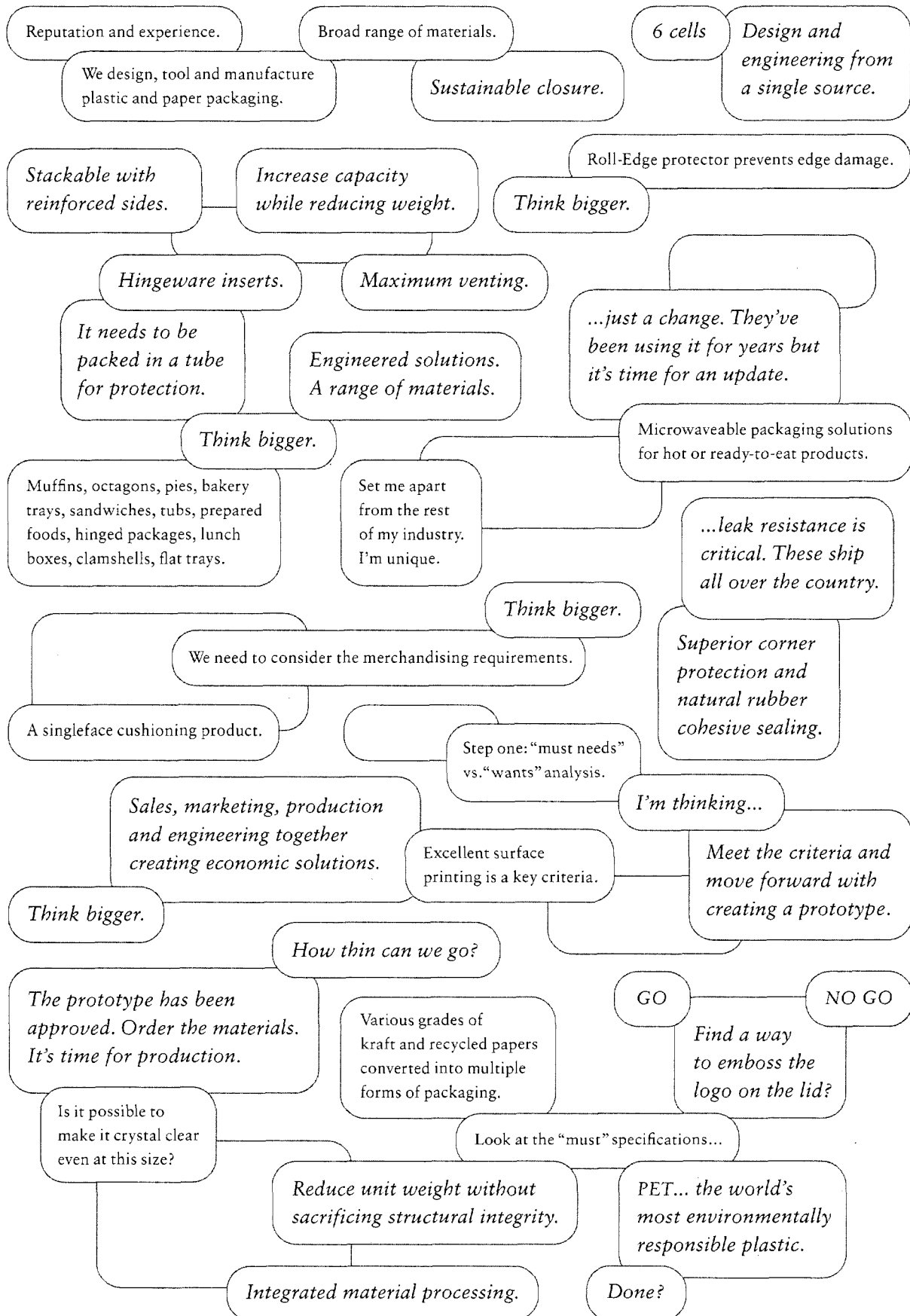
Ivex has always been regarded as a creative packaging company. But as we all know, there are two sides to every story. Our creativity is balanced by the disciplined structure of rational thinking. This year's annual report presents these two sides of Ivex: the right or creative brain along with its more analytical side kick, the left brain. When you put it all together, you get the perfect package.



Reason

The heart has reasons the
mind never thought of.

Non-linear Decision Tree



Form

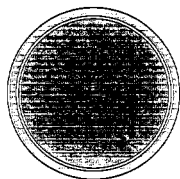
Beauty and simplicity
synchronized.



10841 40 8DL



5710-9MO



10626 808-2



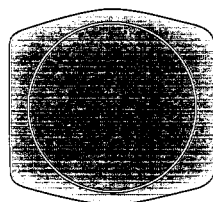
5720-9MO



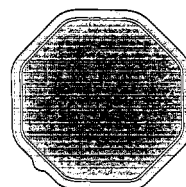
SC40



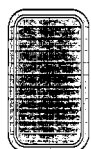
1909-9H



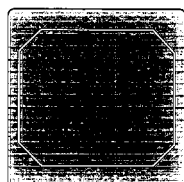
GR8WAG



13223 8775-200



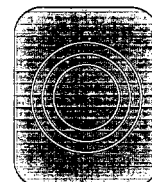
11734 4070-125



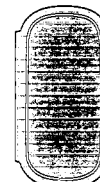
996



1777 7-S



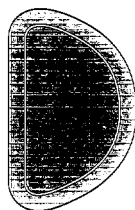
7808 8-S



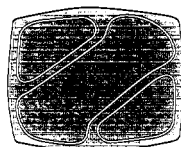
1781



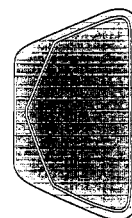
MR0305



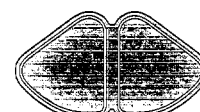
926-38 BLK



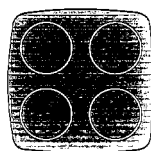
6784



8080-1



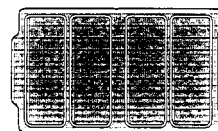
10803 809



1773



220 PL



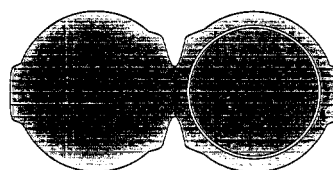
1-11 TK



543PL



4U



11360 8080-1



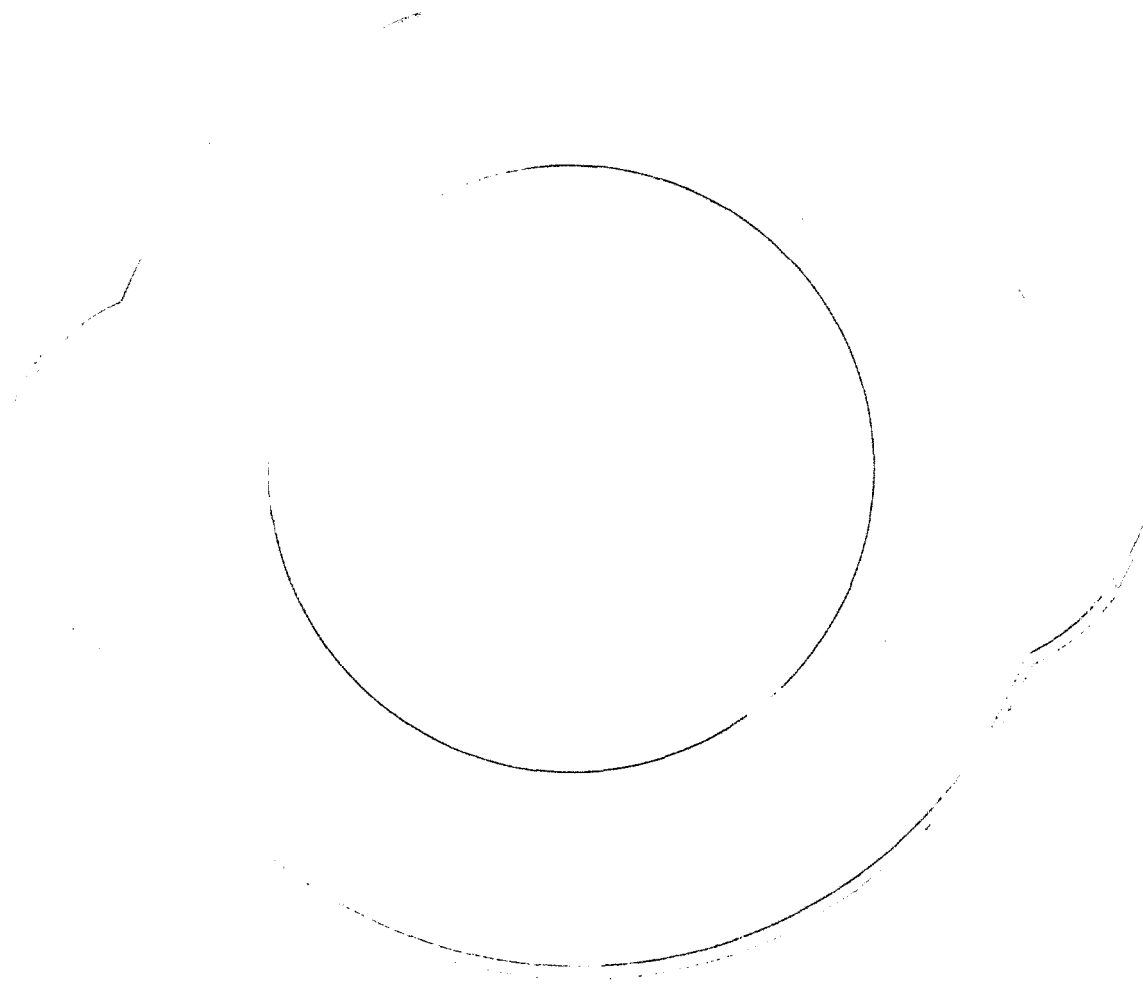
7501



6616

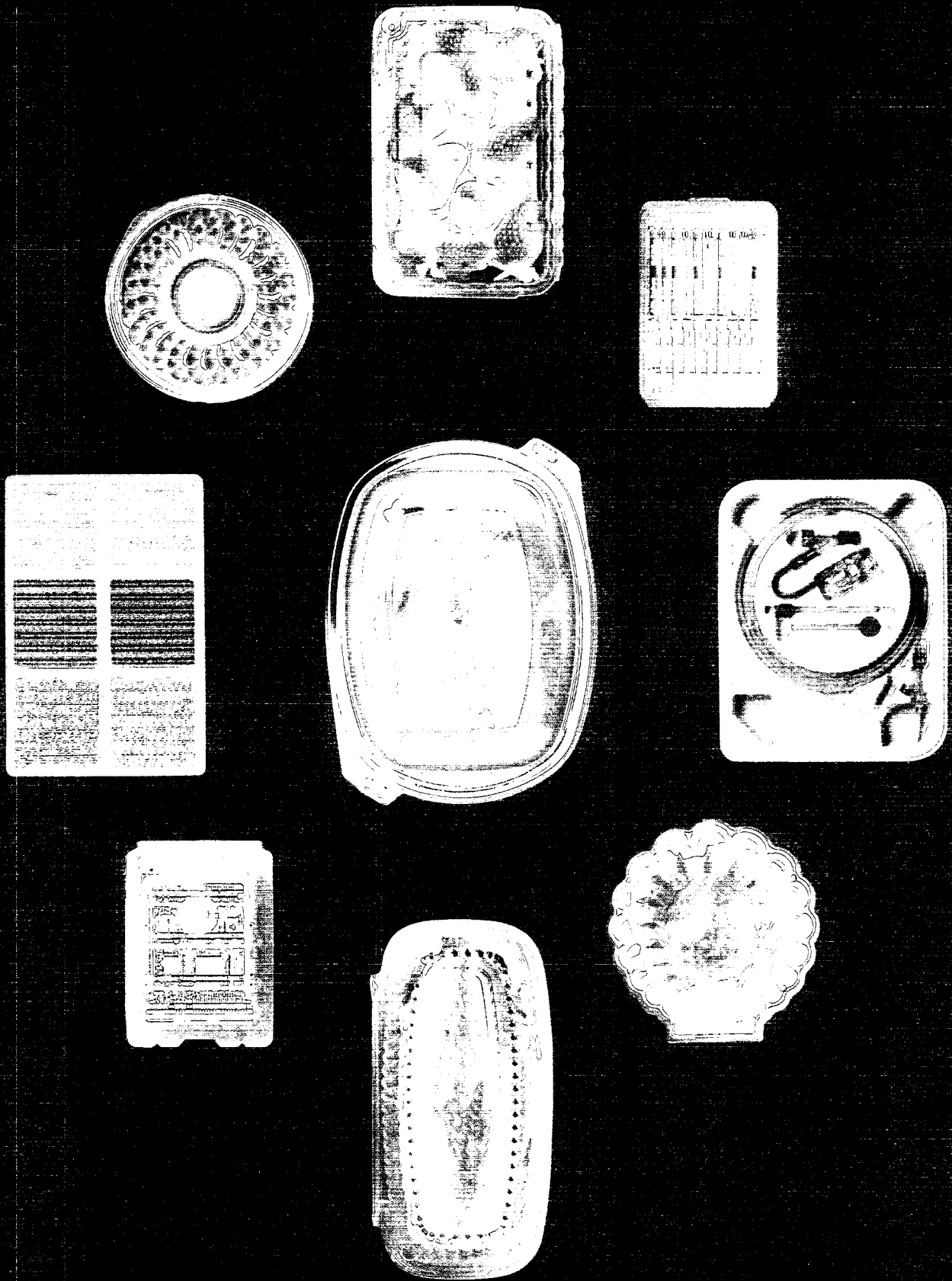
Function

Light defines dark,
form fits purpose



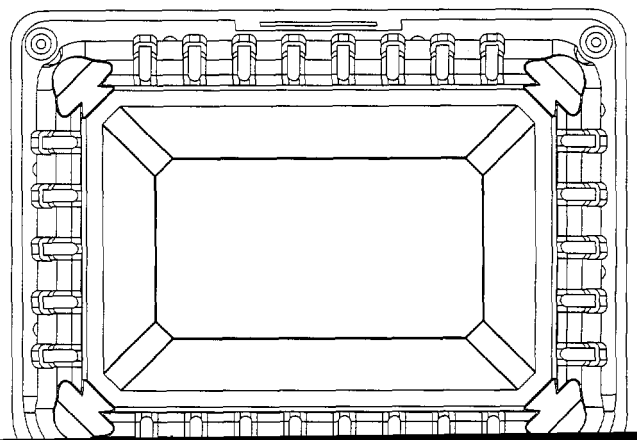
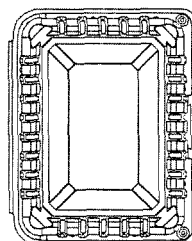
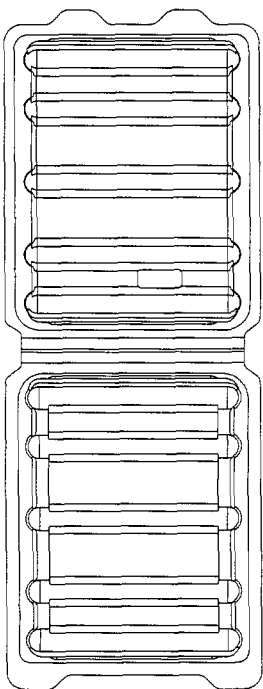
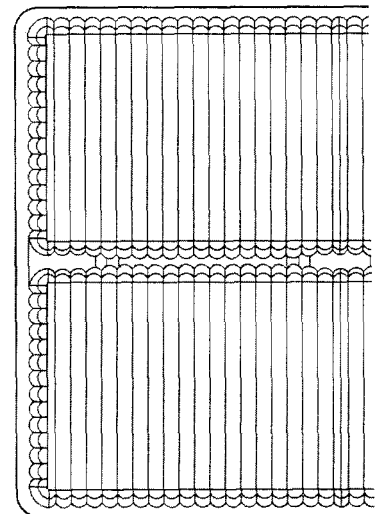
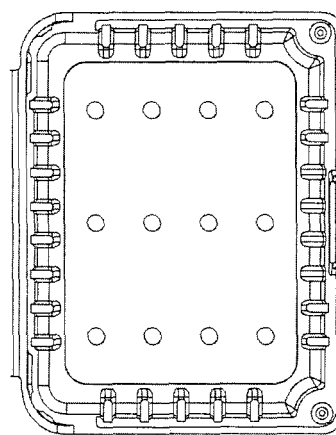
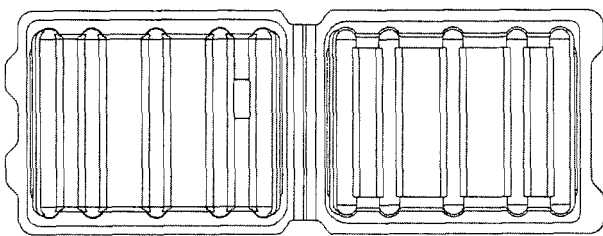
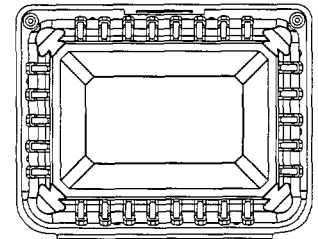
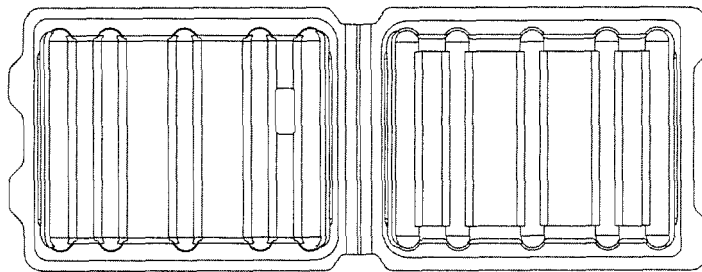
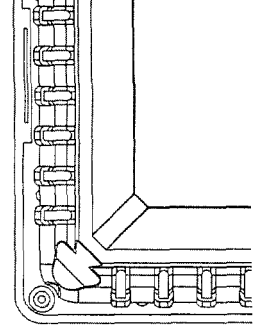
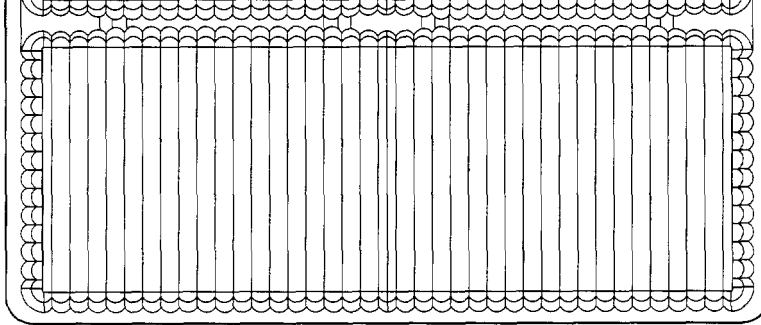
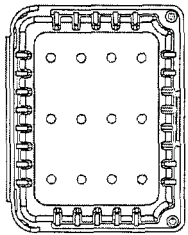
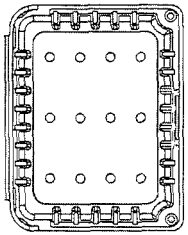
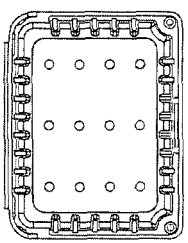
Selection

Products refined and aligned,
targeting markets.



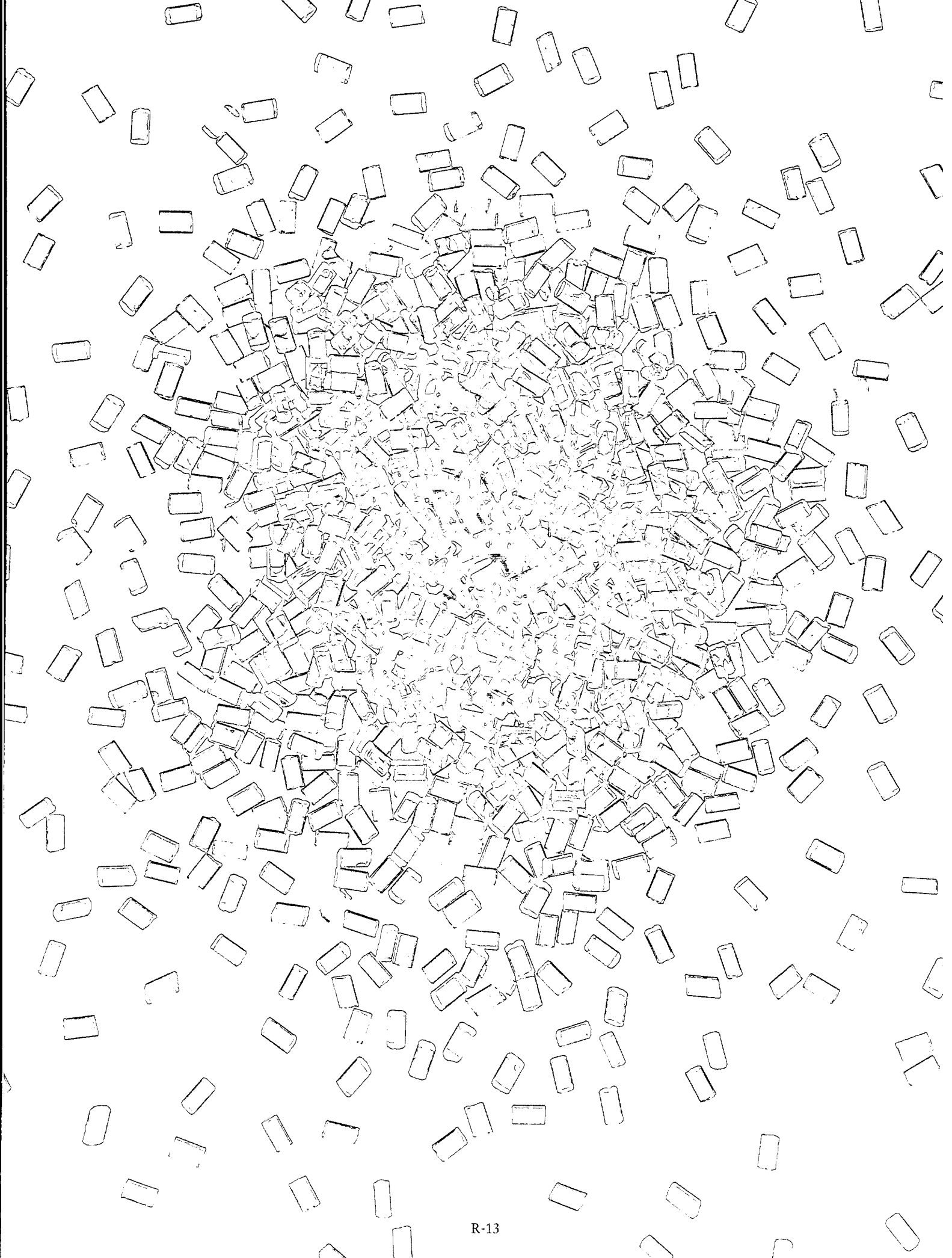
Endurance

The path toward resolution,
marked by decisive turns.



Target

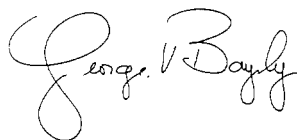
Pragmatism and creative energy
yield earnings growth.



Results

The more uncertain
the outcome, the better we do.

Ivex is doing the complex while taking
care of the simple. We've observed this pattern:
happy shareholders are the result of happy customers.
We had an excellent year. The next one will be better.
It's not what you say, it's what you do.

A handwritten signature in cursive script, reading "George V. Bayly". The signature is fluid and elegant, with the first and last names being more prominent than the middle initial.

*Kind Regards, George V. Bayly
Chairman, President and Chief Executive Officer*

Financial Highlights

For the Year Ended December 31
(dollars in thousands, except per share data)

	2001	2000	1999	1998	1997
--	------	------	------	------	------

Statement of Operations Data (1, 2)

Net sales	\$ 642,948	\$ 710,951	\$ 675,972	\$ 634,712	\$ 560,775
Net income (loss) before extraordinary loss	25,983	40,324	25,242	28,194	(9,540)
Net income (loss) before extraordinary loss					
per share basic	1.27	1.98	1.21	1.36	(0.75)
Net income (loss) before extraordinary loss					
per share diluted	1.26	1.98	1.20	1.35	(0.75)

	2001	2000	1999	1998	1997
--	------	------	------	------	------

Balance Sheet Data (1, 2)

Total assets	\$ 552,644	\$ 592,763	\$ 640,587	\$ 556,145	\$ 427,465
Longterm debt	313,306	336,087	434,902	409,071	319,055
Stockholders' equity (deficit)	93,827	79,597	45,308	22,191	(12,169)

(1) The selected financial data presented above for, and as of, each of the years in the five year period ended December 31, 2001, are derived from the consolidated audited financial statements of the Company. The selected financial data should be read in conjunction with the consolidated financial statements and notes thereto.

(2) The financial data of the Company reflect the following acquisitions as of the respective acquisition dates: the European OPS business of Envirodyne Industries, Inc. as of January 17, 1997; M&R Plastics Inc. ("M&R") as of February 21, 1997; AVPEX International Corporation ("AVP") as of August 8, 1997; Crystal Thermoplastics Inc. ("Crystal") as of November 3, 1997; Ultra Pac, Inc. ("Ultra Pac") as of April 23, 1998; the paper packaging business of Bleyer Industries, Inc. ("Bleyer Paper") as of October 2, 1998; the electronics packaging business of Pactuco, Inc. ("Pactuco") as of April 20, 1999; F.T.S. Holdings B.V. ("Folietechniek") as of July 30, 1999; and Chester Plastics Limited ("Chester") as of January 19, 2001. The selected financial data presented includes results of the Company's Detroit, Michigan facility ("Detroit") through November 19, 1998, the date of its sale to Packaging Holdings L.L.C., and the Company's Specialty Coating business ("Specialty Coating") through May 26, 2000, the date of its sale to Chargeurs, SA ("Chargeurs") of Paris, France. The selected financial data should be read in conjunction with the consolidated financial statements and notes thereto.

Board of Directors

George V. Bayly
Chairman, President and
Chief Executive Officer
Irex Packaging Corporation

Frank V. Tammura
Executive Vice President and
Chief Financial Officer
Irex Packaging Corporation

Glenn R. August
Managing Director, Oak Hill Partners

R. James Conaway⁽¹⁾
President, Management Associates

Anthony P. Scotta^(1,2)
Managing Director, Oak Hill Partners

William J. White^(1,2)
Retired, Chairman
Bell and Howell Company

⁽¹⁾ Member of Audit Committee

⁽²⁾ Member of Compensation Committee

Officers

George V. Bayly
Chairman, President and
Chief Executive Officer

Frank V. Tammura
Executive Vice President and
Chief Financial Officer

Richard R. Cote
Vice President and Treasurer

Dennis W. Hadley
Vice President, Human Resources

G. Douglas Patterson
Vice President and General Counsel

David E. Wartner
Vice President and Corporate Controller

Stockholder Information

Corporate Office
100 Tri-State Drive, Suite 200
Lincolnshire, IL 60069
847.945.9100
www.irexpackaging.com

Investor Contacts
Richard R. Cote
Vice President and Treasurer
847.374.4324

Tricia A. Kelly
Manager Investor Relations
847.374.4343

News Releases
Copies of recent news releases
are available at no charge through
PR Newswire (IVEX code #123480)
800.758.5804
www.prnewswire.com

Annual Meeting
The Annual Meeting of shareholders
is scheduled to be held on Wednesday,
May 8, 2002 at 10:00 A.M. at the
Company's corporate headquarters
in Lincolnshire, Illinois

Transfer Agent
EquiServe Trust Company, N.A.
P.O. Box 2500
Jersey City, New Jersey 07303-2500

Legal Counsel
Skadden, Arps, Slate, Meagher
and Flom (Illinois)

Auditor
PricewaterhouseCoopers LLP

A comprehensive presentation of the
financial statements and management's
presentation of the analysis of financial
condition and results of operations
can be found in the 2001 Annual Report
on Form 10-K filed with the Securities
Exchange Commission, which can
be referenced at www.sec.gov.

Ivex is a specialty packaging company that designs and manufactures plastic and paper-based packaging for high growth niche markets, including food, medical, electronic and industrial.